

BILLS THAT DID NOT PASS THE LEGISLATURE

WE WERE SUCCESSFULLY ABLE TO STOP A NUMBER OF BAD LEGISLATION AND POLICIES THAT WOULD HAVE HURT THE REAL ESTATE INDUSTRY, THE HOUSING MARKET, AND MADE HAWAII A MORE EXPENSIVE PLACE TO LIVE. THIS IS JUST A SNAPSHOT OF SOME OF THE IMPORTANT ISSUES THAT WE TACKLED THIS YEAR.



✗ REAL ESTATE TRANSACTIONS

RESTRICTING REAL ESTATE BUYERS

Would have prohibited nonresident aliens and businesses and trusts that are significantly controlled by nonresident aliens from acquiring certain residential property in the State.

CESSPOOLS, POINT OF SALE MANDATE

Would have required at point of sale that cesspools within 500 feet of certain bodies of water be upgraded, converted, or connected if sold or transferred on or after January 1, 2026.

CESSPOOL CONVERSION, ACCELERATED TIMELINE CONCERNS

Accelerate the dates for required upgrades, conversions, or connections of priority level 1 cesspools to January 1, 2030 and priority level 2 to January 1, 2035 rather than January 1, 2050.

✗ INCREASING TAXES AND THE COST OF HOUSING

CAPITAL GAINS TAX INCREASE

Would have increased the capital gains tax from 7.25% to 9.5%

EMPTY HOME TAX

Would have created a 3% additional conveyance tax for properties conveyed that were vacant for 180+ days in a year.

REMOVING MORTGAGE INTEREST DEDUCTION

Would have eliminated the mortgage interest deduction for second homes under Hawaii's income tax law.

CONSTITUTIONAL AMENDMENT STATE PROPERTY TAX

Allowing the state to tax real property in addition to county real property taxes

SHORT-TERM RENTALS

Would have authorized the counties to amortize or phase out permitted, non-conforming or otherwise allowed short-term rentals.

TRANSIENT ACCOMMODATIONS TAX

Would have increased the transient accommodations tax to 25% for furnishing units for less than 30 days.

CONVEYANCE TAX INCREASE

Would have doubled or more than tripled the conveyance tax for properties over \$2 million and created new tiers for properties valued between \$10 - \$26 million+.

OVERALL, THERE WERE OVER 11 CONVEYANCE TAX INCREASE PROPOSALS.

✗ PROPERTY MANAGEMENT

EVICITION MEDIATION

Would have extended the eviction process by requiring a mediation process before evicting a tenant for non-payment of rent, similar to the process used during the pandemic. While mediation is preferable to litigation, these bills still experienced challenges.

RENT CONTROL

Would have prohibited housing providers from terminating certain tenancies without just cause. Housing providers would need to provide relocation assistance or waive the last month's rent when terminating a tenant for no-fault just cause. Restricts how often and how much a landlord may increase an existing tenant's rent.

BED BUGS

Would have created a process that housing providers would need to pay to remove a bed bug infestation upon notice by a tenant upon 60 days after commencement of the lease or half the cost with the tenant after 60 days. Additionally, housing providers would need to pay for the inspection costs and notify tenants of adjacent units or common areas.

SOURCE OF INCOME

Would have allowed the counties to prohibit discrimination based on source of income, before the State law took effect to determine its impact.

HABITABILITY

Would have prohibited housing providers from recovering possession of a dwelling unit from tenants if habitability of the premises is significantly impaired, even if the tenant caused the unit to become uninhabitable. The housing provider could not remove the tenant until the repairs are made.